



## **GSA Lease Sustainability**

PBS Real Estate Division June 26, 2023

## **Agenda**

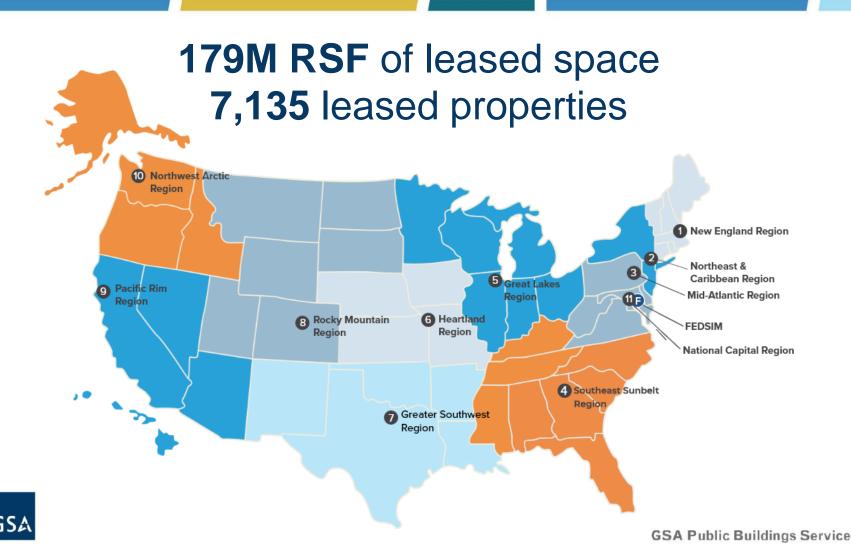
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GSA Green Lease Requirements	2
Portfolio Manager and Energy Star	3
Owned properties and related programs	4
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## **GSA Portfolio Overview**



#### **National** Lease Portfolio



#### Great Lakes Region Lease Portfolio

## 13M RSF of leased space 846 leased properties





#### Milwaukee Lease Portfolio

#### 426,593 RSF

- ≥21 Leases/ 7 Energy Star (141,096 SF)
- > 1 LEED lease (29,297 SF)





## Green Lease Requirements



## Green Lease Requirements: EISA

## Energy Independence and Security Act

## One Hundred Tenth Congress of the United States of America

AT THE FIRST SESSION

Begun and held at the City of Washington on Thursday, the fourth day of January, two thousand and seven

#### An Act

To move the United States toward greater energy independence and security, to increase the production of clean renewable fuels, to protect consumers, to increase the efficiency of products, buildings, and vehicles, to promote research on and deploy greenhouse gas capture and storage options, and to improve the energy performance of the Federal Government, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

- (a) SHORT TITLE.—This Act may be cited as the "Energy Independence and Security Act of 2007".
- (b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:
- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Relationship to other law.



## Green Lease Requirements: EISA

#### Global RLP Section 2.09

gsa.gov/real-estate/real-estate-services/leasing/sustainability-policies

GSA REQUEST FOR LEASE PROPOSALS NO. XXXXXXX CITY/STATE

## Offers due by mm/dd/20yy

In.order.to be considered for award, offers conforming to the requirements of the RLP shall be received no later than [time] [time zone] on the date above. See "Receipt Of Lease Proposals" herein for additional information.

This Request for Lease Proposals ("RLP") sets forth instructions and requirements for proposals for a Lease described in the RLP documents. Proposals conforming to the RLP requirements will be evaluated in accordance with the Method of Award set forth herein to select an Offeror for award. The Government will award the Lease to the selected Offeror, subject to the conditions herein.

The information collection requirements contained in this Solicitation/Contract, that are not required by regulation, have been approved by the Office of Menagement and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 300-0163.

GLOBAL RLP GSA TEMPLATE R100 (10/22)



## Green Lease Requirements

# Global RLP Section 2.09/EISA & Energy Star Energy Star, Green Rating Systems, GP Alignment

Lease Type	Energy Star <sup>®</sup> Label	3rd-Party Green Building Rating	Guiding Principle Alignment
New Procurement (or Replacing)	<ul> <li>ES Label REQUIRED for leases &gt;= 10K</li> <li>Cost Effective Improvements OR</li> <li>ES Label required for Leases &lt; 10K</li> </ul>	OPTIONAL  LEED – ID&C or GG- S.I.  rating for <u>tenant interiors</u> (Upon Agency Request)	65 Key green clauses (depending on lease type)
Succeeding Lease (Extension/Renewal)	<ul> <li>ES Label NOT Required</li> <li>Cost Effective Energy Improvements are REQUIRED</li> </ul>	OPTIONAL  LEED – ID&C or GG- S.I.  rating for tenant interiors  (Upon Agency Request)	< 65 Green Clauses (depending on lease type)
New Lease Construction (>=10K)	- ES Label REQUIRED for leases >= 10K	<u>REQUIRED</u> LEED v4 -NC: SILVER  Green Globes-NC: 2GG	65 Key green clauses (where applicable)

• Exceptions apply; Lessor still required to make Cost Effective Energy Efficiency Upgrades

## Energy Star Exceptions

#### Global RLP Section 2.09/EISA & Energy Star

- 1. Lease is 10,000 RSF or less.
- 2. Agency remains in building they occupy.
- 3. ENERGY STAR® space is not available
- 4. Building has historic, architectural, or cultural significance



## Energy Star Exceptions

#### Global RLP Section 2.09/EISA & Energy Star

...under the four exceptions, in lieu of ENERGY STAR®, the Lessor must make Cost-Effective Energy Efficiency Improvements.

Home \*Commercial Buildings \*Save Energy \*Ways to Save \*Building Upgrades

Commercial Buildings Benchmark Save Energy ENERGY STAR Treasure Hunts Ways to Save Upgrade Your Lighting Operations & Maintenance Best Practices Checklists of Energy-Saving **Energy-Efficient Products Energy-Saving** Competitions **Building Upgrades** Water, Waste, and Renewable Energy Find Expert Help Evaluate the Economics of

Energy Efficiency Projects

Finance Energy-Efficiency

#### **Building Upgrades**



The ENERGY STAR Building Upgrade Manual is a practical guide that helps you plan and achieve profitable improvements to your building.

A staged approach to building upgrades will help to increase the financial and environmental benefits realized. The stages recommended by the EPA account for the interactions among all the energy flows in a building and produce a systematic method for planning upgrades. Each stage includes changes that will affect the upgrades performed in subsequent stages, so when they are performed sequentially they set up the overall process for the greatest energy and cost savings.

#### Step 1: Retrocommissioning

Identify underperforming equipment, determine which equipment should be replaced, and review operational tips to improve building performance.

#### Step 2: Lighting

Improve your lighting systems to reduce lighting energy use, improve the visual environment, and affect the sizing of HVAC and electrical systems.

#### Step 3: Supplemental Load Reductions

Improve heating, cooling, and electric loads in your building to reduce the size and cost of equipment upgrades.

#### Step 4: Air Distribution Systems

Upgrade or adjust your fan systems to maximize energy efficiency.

Step 5: Heating and Cooling Systems



## Energy Efficiency Improvements Through IRA

#### Inflation Reduction Act- Fact Sheet

Program	Description	Agency	IRA Section			
Commercial Real Estate Incentives						
Energy Efficient Commercial Buildings Deduction	Extension and expansion of the energy efficient commercial buildings deduction. Buildings that increase their energy efficiency by at least 25 percent will be able to claim this tax deduction, with bonuses for higher efficiency improvements, such as improvements to interior lighting; heating, cooling, ventilation, and hot water; and building envelope. The claimant can earn additional bonus deductions by meeting prevailing wage and registered apprenticeship requirements. Eligible to owners and long-term lessees of commercial buildings and designers/engineers.  Permanent; No expiration date	Department of the Treasury	13303			

## Energy Star Exceptions

Global RLP Section 2.09/EISA & Energy Star

GSA Lessors who meet one of the four exceptions:

- 1. Must agree to Benchmark
- 2. Disclose the Building's Energy Star Score



#### EO 14057

## **Executive Order 14057**

# **Jecember**

#### **Presidential Documents** Federal Register Vol. 86, No. 236 Monday, December 13, 2021 Title 3— Executive Order 14057 of December 8, 2021 Catalyzing Clean Energy Industries and Jobs Through Federal The President Sustainability By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to reestablish the Federal Government as a leader in sustainability, it is hereby ordered as follows: Section 101. Policy. The Federal Government faces broad exposure to the mounting risks and costs already posed by the climate crisis. In responding to this crisis, we have a once-in-a-generation economic opportunity to create and sustain jobs, including well-paving union jobs; support a just transition to a more sustainable economy for American workers; strengthen America's communities; protect public health; and advance environmental justice. As the single largest land owner, energy consumer, and employer in the Nation, the Federal Government can catalyze private sector investment and expand the economy and American industry by transforming how we build, buy, and manage electricity, vehicles, buildings, and other operations to be clean and sustainable. We also must build on past progress and pursue new strategies to improve the Nation's preparedness and resilience to the effects of a changing climate, including advancing the Federal Government's strategic planning, governance, financial management, and procurement to ensure climate resilient It is therefore the policy of my Administration for the Federal Government to lead by example in order to achieve a carbon pollution-free electricity sector by 2035 and net-zero emissions economy-wide by no later than 2050. Through a whole-of-government approach, we will demonstrate how innovation and environmental stewardship can protect our planet, safeguard Federal

# Implementing Instructions





Implementing Instructions for Executive Order 14057 Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability

The White House Council on Environmental Quality

August 2022



## EO 14057: Goals & Implementation

# Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability

- 50% emissions reduction by 2032 and Net-zero emissions building portfolio by 2045
- Revised Lessor Disclosures & Green Lease Requirements
  - o Beg. 9/30/2023
- Net Zero Emissions
  - o Beg. 9/30/2030



## EO 14057: Implementation & Impact

#### **Landlord Disclosures**

- Energy and Water tracking required since Oct 2016
- New E.O. adds GHG emissions reporting
  - Through Portfolio Manager

#### Green Lease Requirements

Currently evaluating 65 Green Lease Requirements

#### **Impact**

- Affects leases that are greater than 25,000 RSF where Federal Gov't leases at least 75% of total building sqft.
- 651 Leases / 8.5% of Leases
- 79 million RSF / 44% of total RSF

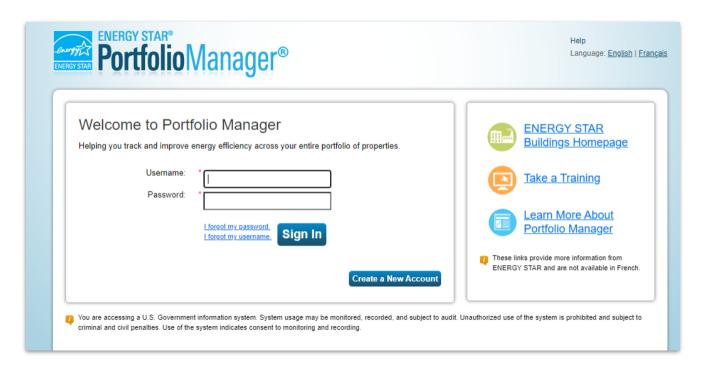






#### The Federal Government's Benchmarking Tool

portfoliomanager.energystar.gov/pm/login.html





#### portfoliomanager.energystar.gov/pm/login.html



Assess whole building energy and water consumption, plus waste



Track changes in energy, water, greenhouse gas emissions, and cost over time



Track green power purchase



Create custom reports



Share/report data with others



Apply for ENERGY STAR certification



#### Required Information to Benchmark

#### **Building Identifiers**

Name, street address, and zip code

#### Space Data

- Space type, total floor area, age, occupancy
- Office: square footage, hours of operation, personnel, number of computers, percentage of gross floor area that is air-conditioned/heated

#### **Energy Use**

- Building-specific invoice information from all purchased energy
- At least 12 consecutive months to start, to be updated with monthly usage data



## Energy Star Overview

#### 39,000 Buildings Nationwide







#### Hundreds of metrics, including:



Energy use Source, site, weather normalized, demand



Water use
Water use
intensity,
Water Score
(for Multifamily)



Waste & Materials
Waste intensity, diversion rate



1-100 ENERGY STAR score



GHG emissions Indirect, direct, total, avoided



#### **Energy Star Certification Process**

#### **Energy Star Certification Process**



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**New Homes** 

Commercial Buildings

Industrial Plants

Home » Commercial Buildings » Earn Recognition » ENERGY STAR Certification for Buildings » How to Apply for ENERGY STAR Certification



#### How to Apply for ENERGY STAR Certification

#### First, You'll Need an ENERGY STAR Score of 75 Or Higher

If you're new here, head back to the use Portfolio Manager section to learn all about benchmarking and the 1 – 100 ENERGY STAR score. Then visit the save energy section for tips on how to reduce your energy use and improve your score.

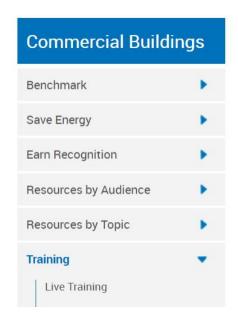
#### NEW! LICENSED PROFESSIONAL FINDER

Enter your zip code to find Licensed Professionals that have verified properties near you for ENERGY STAR certification.



## **Energy Star Resources**

#### www.energystar.gov/buildings/training

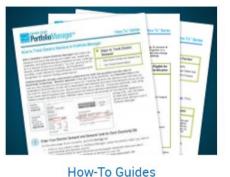


#### Training



Live Online Training

Browse our calendar of upcoming webinars.



Download dozens of step-by-step how-to documents.



Watch short Portfolio Manager demos on YouTube.

Demo Videos



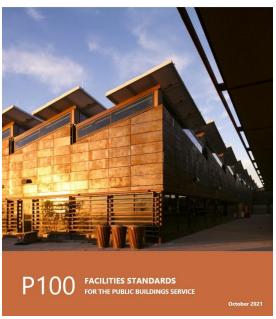


# Sustainability in GSA's owned properties and related programs



# P100 – Facilities Standards for the Public Buildings Service



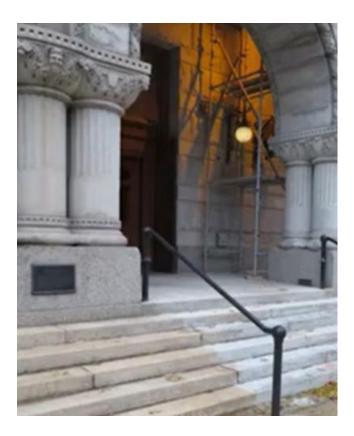


https://www.gsa.gov/cdnstatic/P100 %202021%20v1.pdf













## Center for Emerging Building Technologies

#### GREEN PROVING GROUND

GPG helps drive building performance beyond business-as-usual

#### PILOT TO PORTFOLIO

P2P supports GSA deployment of proven, innovative technologies

https://www.gsa.gov/governmentwide-initiatives/climate-action-and-sustainability/center-for-emerging-building-technologies

#### APPLIED INNOVATION LEARNING LAB

A whole-building approach to sustainable operations

## Center for Emerging Building Technologies







# Center for Urban Development / Good Neighbor Program





# Center for Urban Development / Good Neighbor Program



https://www.hud.gov/program\_offic es/comm\_planning/cpdta/tcta

https://www.epa.gov/environmentaljustice/environmental-justice-thriving-communities-technical-assistance-centers

https://www.transportation.gov/federal-interagency-thriving-communities-network

# Key Points / Conclusion

- ENERGY STAR Portfolio Manager is used to benchmark buildings - a requirement in all GSA Leases since 2016
- <sup>2</sup> The ENERGY STAR requirement addresses EISA.
- 3. The ENERGY STAR requirement supports GSA sustainability goals.
- 4. ENERGY STAR has training resources available on its website.





# **Questions & Discussion**





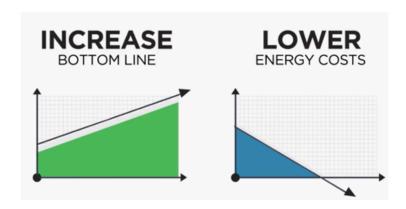


# City of Milwaukee PACE Program





C-PACE is a property tax-assessment financing mechanism for **energy & water efficiency and renewable energy improvements** to commercial properties.



#### **Benefits:**

- Finance up to 100% of hard + soft costs
  - Non-recourse financing
  - Frees up equity for other priorities
- Fixed rate, long-term: 20 30 years
  - Yields positive cash flow
  - Boost Property Value
- · Tenants share cost & savings
- · Transfers to new owner upon sale
- Potential off-balance sheet treatment
- Reduce waste & improve experience



#### **Commercial Properties**



















#### **Project Types**

- Renovations
- New Construction
- Adaptive Reuse
- Refinance
- · Equipment Installation

<sup>\*</sup> Property located in member county

<sup>\*</sup> Does NOT work for residential (1-4 units) and government owned properties



#### **Energy & Water Efficiency**

- Lighting Systems
- Building Controls
- Building Envelope Improvements
- Furnaces, Boilers & Chillers
- Heat Pumps
- Pumps, Motors & Variable
   Speed Drives
- Low flow fixtures
- Heat Recovery
- Fuel Switching















### Renewable Energy

- Solar PV
- Battery Storage
- Biofuel
- Wind

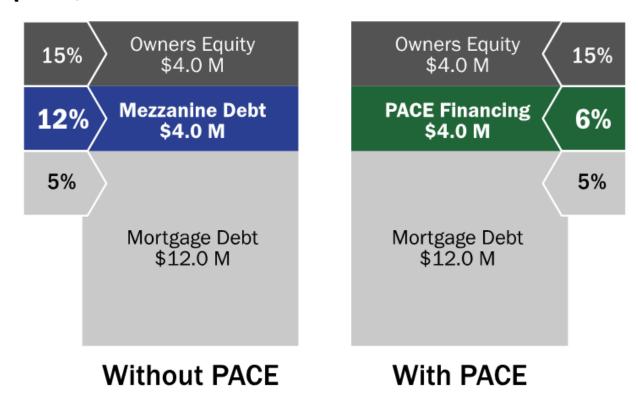








#### **Example: \$20 Million Renovation or New Construction Project**



Owners utilize PACE to fill gaps in their capital stack and lower their cost of capital.

7.20%

8.40%

**Cost of Capital:** 





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Home / Services / PACE Financing

#### **PACE** Financing



The City of Milwaukee's Property Assessed Clean Energy (PACE) Financing program helps commercial property owners affordably finance energy efficiency, water efficiency, and renewable energy upgrades in their buildings. This public-private partnership leverages private capital to supply upfront funding for the improvements and collects payments through a voluntary municipal special charge (City Ordinance 304-26.5). The special charge is attached to the property, not the owner, and is paid back through the property tax system over time. Projects are designed so that the annual energy and other savings pay for the special charge, providing a net positive cash flow.





# **Application Process**

Pre-Application	Final Application	Closing
5-10 minutes, online form	<ul> <li>Signed final application</li> <li>Installation contracts</li> <li>Energy Assessment</li> <li>Mortgage amount doc</li> <li>RPP Plan</li> <li>Offer to fund</li> <li>Substantially final SLA</li> <li>Program expenses</li> </ul>	<ul> <li>Lender consent</li> <li>Title report</li> <li>Insurance certificate</li> <li>LCP registration</li> <li>Executable SLA</li> <li>Closing statement</li> </ul>





Welcome to the Slipstream Project Center. The Project Center enables you to submit an application for PACE financing for a new project, manage existing projects, and access Program Guidelines and related materials.

#### Links and explanations for Project Center functions follow:

Log In	Access to Project Center requires that users establish credentials and login.
Pre-Application	Click here to verify PACE Project eligibility and begin a Pre-Application.
Existing Applications	Click here to access an existing application that is already underway, begin a Final Application, submit required completion documents and manage your PACE Project pipeline.
Documents	Click here to access documents such as program guidelines, lender consent forms, certain program agreements and other program templates.
Contractors	Click here to begin the contractor registration process. Professional services firms including contractors, installers, engineers and project developers are encouraged to register with the program.
Capital Provider	Click here to begin the PACE Capital Provider application process.

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# 5 High Performance Pathways

- 1. Renewable energy + 3 energy/water measures
- 2. Source EUI<= applicable ASHRAE 100 2018 requirement
- 3. Compliance with ASHRAE 90.1 2019
- 4. Energy consumption <= 20% better than code
- 5. LEED BD+C v4.1 Silver or Gold certification and receive a minimum of four points on the Energy Optimization credit



## Residents Preference Program (RPP)

New Guidelines: Projects greater than or equal to \$1 million must make a **best effort** to utilize at least 40% RPP-certified City of Milwaukee residents for the PACE funded portion of the project.

If a best effort to utilize RPP labor is made but cannot reach 40% of the hours, or other details of the project limit RPP applicability, other arrangements to satisfy workforce development goals can be made.

Contact ECO and the Office of Equity and Inclusion to develop a plan that work for your project



## Residents Preference Program (RPP)

- Purpose: promotes the use of under/unemployed City of Milwaukee residents as part of a contractor's team.
- Original manual: 40% of total worker hours on PACE funded portion of the project should be RPP eligible labor (projects > \$1million)
  - Lack of options to reach hours, meaningfully impact employment
  - Difficult to use in some PACE projects

